

Hunterdon County's population growth over the past several decades is the driving force behind housing and school enrollment trends. Its residents are among the wealthiest and its housing prices among the highest in the State. As the population continues to grow and age, housing demand will shift as well. Assuming housing prices remain high, affordability to all but a limited segment of the population will become more and more of a reality.

County Profile—People and Housing

Population

Countywide Growth Trends and Projections

Between 1950 and 1990, Hunterdon County's population growth rates ranged from 23% to 29% per decade. Although growth rates declined to 13% between 1990 and 2000, Hunterdon County ranked third in growth rates among counties in New Jersey following Somerset (23.8%) and Ocean (17.9%). Hunterdon County's population in 2000 reached 121,987.

New Jersey experienced a growth rate of 9% over the past 10 years, slightly less than the national growth rate of 13%. This modest growth did not affect its status as the nation's most densely populated state with 1,134 persons per square mile. Hunterdon County covers 429.94 square miles and added an average 30 persons per square mile in the last 10 years. At 283.7 persons per square mile, it has the third lowest population density of all counties in the State, followed by Sussex (276.6) and Salem (190.3) Counties.

Population projections for the County show a continued increase but one reflecting continued moderate growth (Table 1). By 2020, the County population will reach 160,932. Projections were developed using the New Jersey Department of Labor (NJDOL) projected growth rate, knowledge of pending development applications, vacant developable properties and preserved properties.

Municipal Growth Trends and Projections

Between 1990 and 2000, some of the fastest growing municipalities in the County have been those with close connections to major transportation corridors, such as Raritan (27%), Readington (18%), Clinton (19%), Bethlehem (23%) and Union (21%) Townships and the Town of Clinton (28%). One of the more rural municipalities, Alexandria Township, experienced the highest growth rate of 31% between 1990 and 2000. Raritan, Readington, and Clinton Townships contain the largest resident population while the smaller municipalities contain the highest densities. For example, both Flemington and the City of Lambertville contain over 3,400 persons per square mile compared to the County's 283.7 persons per square mile.

Municipal projections through 2020 show that Raritan, Readington and Clinton Townships continue to lead the county in total population (Table 2). The highest growth rates between 2000 and 2020 occur in Alexandria (65%) and Raritan Townships (61%). Flemington is projected to reach full build out by 2020.

County Profile—People and Housing

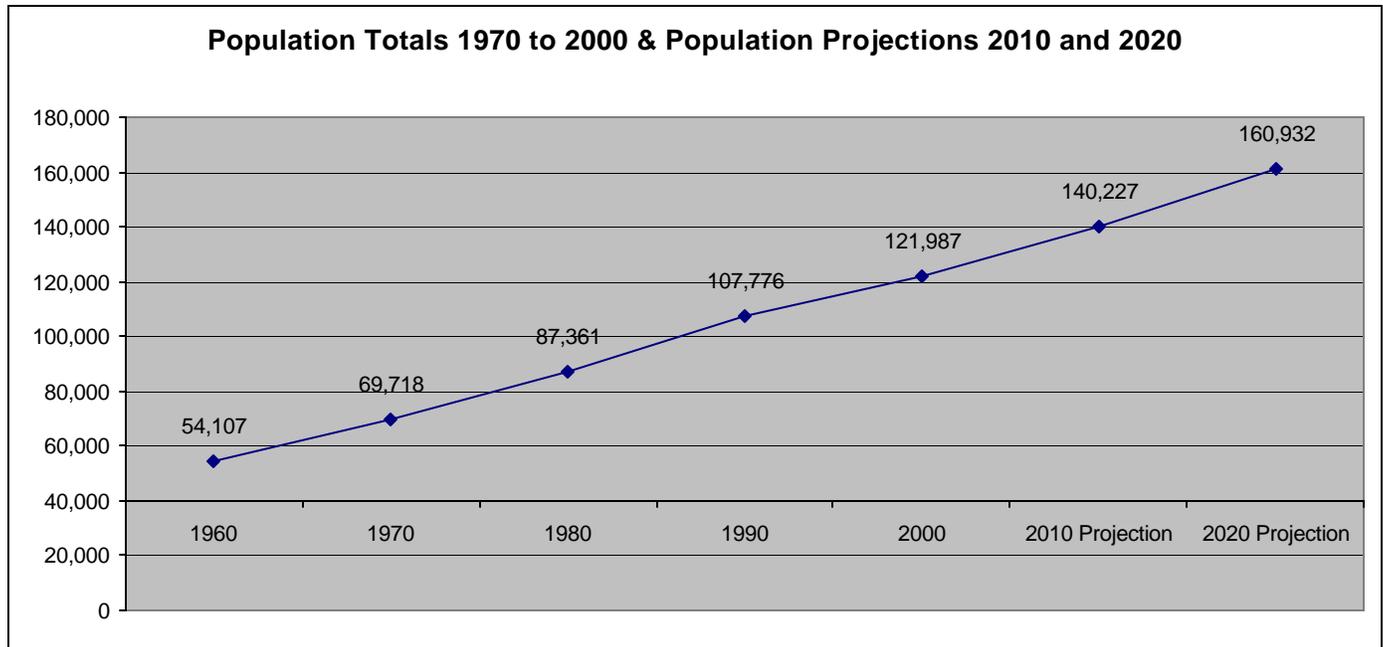


Table 1—Population Trends and Projections, Hunterdon County, NJ.
Projections and Calculations for 2010 and 2020 by Hunterdon County Planning Board.
Source: 1970, 1980, 1990, 2000 U.S. Census Bureau.

Household Characteristics

The U.S. Census Bureau defines “Family” as, “a group of two or more people who reside together and who are related by birth, marriage, or adoption.” It defines “Households” as those including “all the people who occupy a housing unit as their usual place of residence.”

Hunterdon County’s average household size is 2.69 persons per household. The average size family is 3.14 persons. Both average household size and family size decreased this decade from the last Census figures of 2.76 and 3.64 respectively. Hunterdon County’s average household size compares to 2.68 for New Jersey and 2.59 for the nation.

In Hunterdon County, family households comprise 75.2% of all households reported in the 2000 Census, compared to 70.3% statewide. Approximately 66.3% of these are married-couple families. “Nontraditional households,” or those that are not married-couple family households, have been on the rise, albeit modestly, in Hunterdon County. Between 1990 and 2000, married-couple family households declined by about 2.5%. Non-family households rose modestly from 23% to 24.8% of all households. Most non-family households consist of an individual living alone. Over 26% of one-person households comprise people over 65 in Hunterdon, compared to 33% statewide.

County Profile—People and Housing

Municipality	1970 Census	1980 Census	1990 Census	2000 Census	2010 Projection	2020 Projection
Alexandria	2,127	2,798	3,594	4,698	6,141	7,769
Bethlehem	1,385	3,045	3,104	3,820	4,701	5,641
Bloomsbury	879	864	890	886	895	904
Califon	970	1,023	1,073	1,055	1,066	1,076
Clinton Town	1,742	1,910	2,054	2,632	2,909	3,187
Clinton Twp	5,119	7,345	10,816	12,957	15,521	18,592
Delaware	3,249	3,816	4,512	4,478	5,060	5,718
East Amwell	2,568	3,468	4,332	4,455	4,581	4,712
Flemington	3,917	4,132	4,047	4,200	4,358	4,522
Franklin	2,154	2,294	2,851	2,990	3,136	3,289
Frenchtown	1,459	1,573	1,528	1,488	1,724	1,742
Glen Gardner	874	834	1,665	1,902	1,940	1,979
Hampton	1,386	1,614	1,515	1,546	1,578	1,610
High Bridge	2,606	3,435	3,886	3,776	3,948	4,121
Holland	3,587	4,593	4,892	5,122	5,363	5,615
Kingwood	2,294	2,772	3,325	3,782	4,302	4,893
Lambertville	4,359	4,044	3,927	3,868	4,038	4,208
Lebanon Boro	885	820	1,036	1,065	1,199	1,233
Lebanon Twp	4,235	5,459	5,679	5,816	5,956	6,100
Milford	1,230	1,368	1,273	1,195	1,294	1,307
Raritan	6,934	8,292	15,616	19,809	25,127	31,873
Readington	7,688	10,855	13,400	15,803	18,173	20,899
Stockton	619	643	629	560	660	667
Tewksbury	2,959	4,094	4,803	5,541	6,392	7,375
Union	2,351	3,971	5,078	6,160	7,385	8,958
West Amwell	2,142	2,299	2,251	2,383	2,780	2,943
Hunterdon	69,718	87,361	107,776	121,987	140,227	160,932

Table 2—Municipal Population Trends and Projections, Hunterdon County, NJ : 1970—2020.
 Projections prepared by the Hunterdon County Planning Board, 2002.
 Source: U.S. Census Bureau.

County Profile—People and Housing

Of the 45,032 housing units reported in the County, 97% are occupied with 83.6% identified as owner-occupied. This reflects an increase from 1990 in both occupied units (94.8%) and owner-occupied units (80.5%). Hunterdon County homeownership rates are well above the same rates for New Jersey at 65.6% and the nation at 66.2%. Hunterdon County holds the highest homeownership rate within the State.

Race Characteristics

Of the 121,987 persons in Hunterdon County, 93.9% are classified as White. The Hispanic community grew from 1.7% to 2.8% in 2000. African Americans comprise 2.2% of the County's total population, a slight increase from 1990. Union Township has the most varied Census population with 82% White, 13% African American, and 5% Hispanic. This is probably due to two state residential facilities located within its boundaries. Flemington, the County Seat, has a relatively diverse population with 88% White, and the remaining 12% divided among Black, Hispanic, Asian, American Indian and Alaska Native population.

Age Characteristics

The Hunterdon County median age is 38.8 years, the highest county median age in New Jersey. This is an increase from 32.0 years in 1980 and 35.2 years in 1990. The State's median age is 36.7 years and the national median age is 35.3 years. The high median age is largely attributed to the Baby Boom generation, those born between 1946 and 1964.

The 2000 Census reports that 25.7% of the total population is less than 18 years of age. This age group is part of the Baby Boom Echo, children of the Baby Boom generation born between 1977 and 1995. They are expected to fuel school enrollment, increase demand for rental housing and become first time homebuyers over the next 10 years.

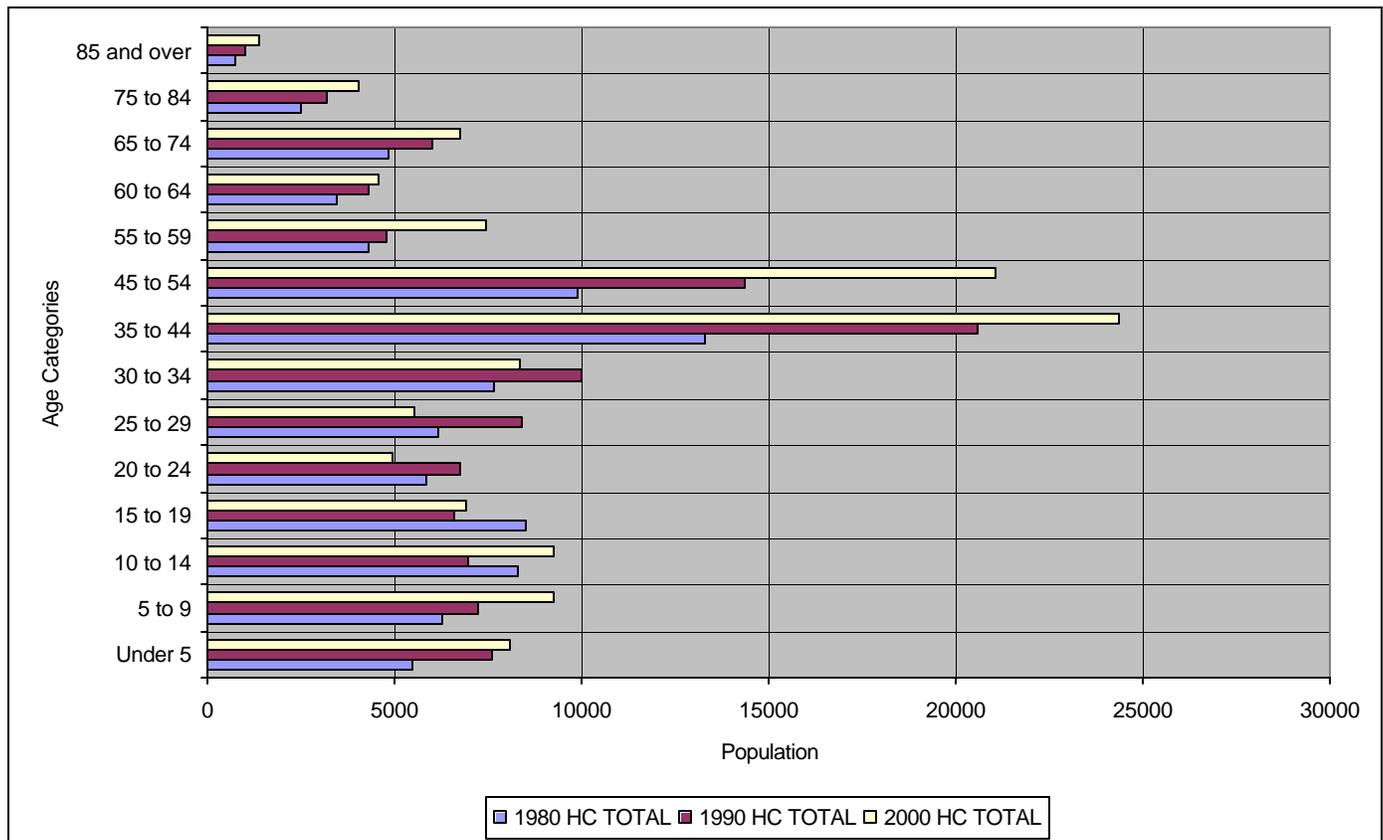


Table 3—Population Trends by Age Group: 1980—2000: Hunterdon County, NJ. Source: U.S. Census Bureau.

County Profile—People and Housing

Persons over 65 comprise 10% of the total County population in 2000. Over the next 20 years, this age group will increase dramatically as the Baby Boom generation begins to hit 65 years of age.

Housing

Today's housing stock is predominantly large, owner-occupied, single-family homes. Nearly 84% of households are homeowners. Seventy-five percent of all housing units are single-family detached units. Between 1980 and 2000, 92% (15,861) of all residential building permits in Hunterdon County were issued for single-family homes (Figure 1). The typical new single-family home built today is over 3,100 square feet in size, compared to 2,100 square feet nationwide. The median sales price for a Hunterdon County home in 2000 was \$265,000, up from \$175,000 in 1990.

Housing Affordability

One indicator of housing affordability is the percentage of monthly household income devoted to housing costs. Twenty-eight percent is the standard used by mortgage lenders. The typical Hunterdon County family in 2000, earning \$91,050, could afford the monthly payments on a median-priced home in Hunterdon County (Table 4). However, the average household - which accounts not only for the traditional family unit, but also single-person households and other non-family households - fell short by \$166. This gap grows to nearly \$745 when comparing necessary home payments to that affordable to potential newcomers from elsewhere in New Jersey.

A 20% down payment on a median priced home in 2000 in Hunterdon County was \$53,000. This poses a potential barrier for first-time homebuyers. Those paying the high median rents in Hunterdon County (\$930/month) may not

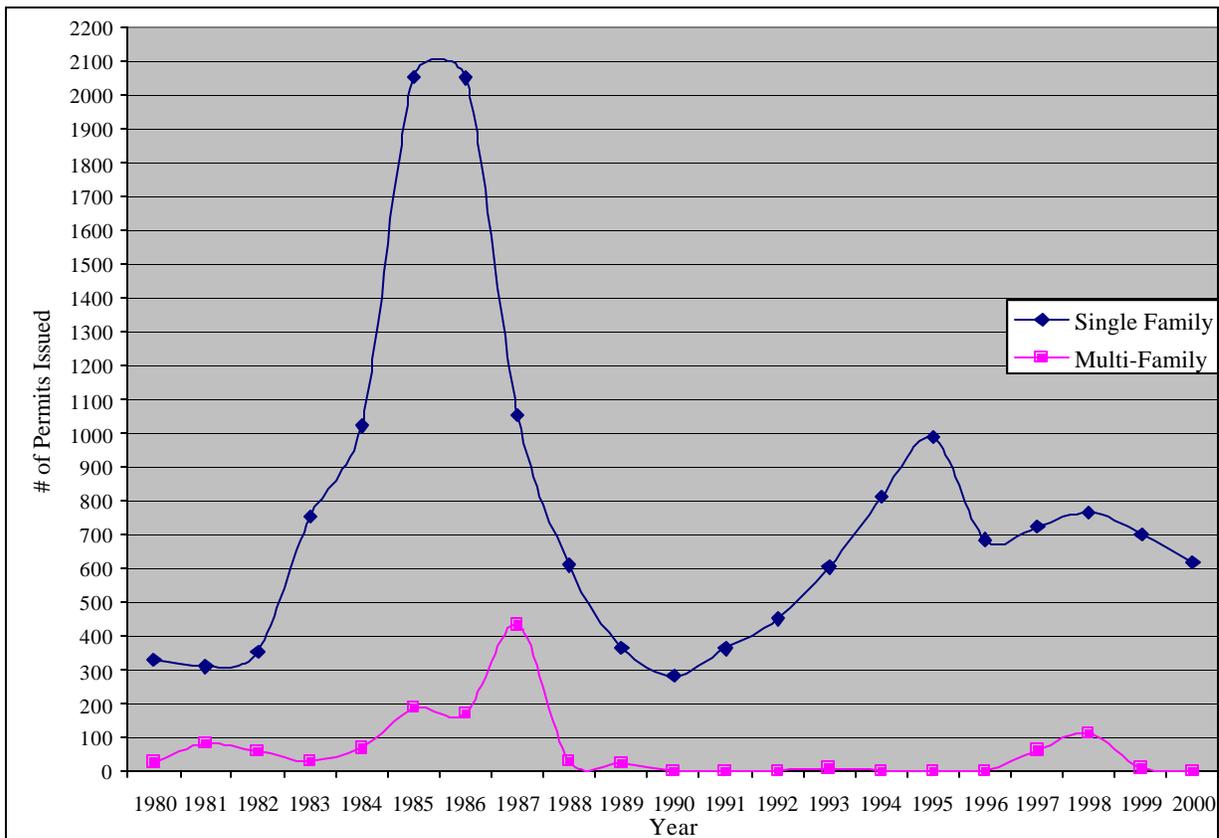


Figure 1 - Residential Building Permits: 1980—2000, Hunterdon County.
Source: NJ State Data Center.

County Profile—People and Housing

20% Downpayment	Monthly Home Payments	Affordable Home Payment based on Median Household Income/ Median Family Income— Hunterdon County	Affordable Home Payment based on Statewide Median Household Income/ Median Family Income
\$53,000	\$2,030.54	\$1,864.05/\$2,124.50	\$1,286.74/\$1,525.30

Table 4— Housing Affordability Index.

20% downpayment based on median home price of \$265,000. Data source: Superior Information Services.

Monthly payments include mortgage, taxes and insurance.

Based on Yr. 2000 interest rate of 8.128%, 0 points, 30-yr fixed mortgage, provided by National Mortgage Reporter, Inc.

be able to accumulate the necessary down-payment for a home. At the other end of the scale are older households looking to trade down to a smaller home with less maintenance. Limited housing options, coupled with high prices, make this difficult to do. In the end, they may find that even down-sizing requires all of the equity accumulated in the current home.

Several factors affect housing affordability in Hunterdon County. In 1997, the Builders Association of Northwest Jersey estimated that 25% to 30% of housing costs are attributed to the land. High land costs coupled with large lot zoning fosters continued development of housing affordable only to a limited segment of the population. Building code and land development regulations can contribute up to 30% of housing construction costs. These costs rise with delays in the development review process. Sewage treatment requirements also contribute to housing costs. Septic systems serving single family homes on large lots can add \$25,000 to \$30,000 to the cost of new homes. Homes built on smaller lots—generally less than an acre—require community wastewater treatment systems because septic systems cannot adequately treat wastewater on smaller lot sizes. Construction of new community wastewater systems can add \$900 or more annually in user fees.

High property taxes also affect housing affordability. The average residential tax bill in 2001 was \$5,300, up from \$3,218 in 1990. Additionally, demand pressure influences housing costs. Those moving to Hunterdon County in the last decade have been largely young professionals of the baby-boom generation. They comprise households with strong purchasing power, fueling the market for upscale housing currently being built in the County.

Affordable Housing and COAH

New Jersey's Fair Housing Act of 1985 created the Council on Affordable Housing (COAH), within the Department of Community Affairs, and a mechanism by which municipalities provide needed opportunities for low and moderate income housing. COAH calculates affordable housing needs for six-year cycles, beginning in 1987, and assigns that need to every municipality. Municipalities can then elect to address their need through various means established by COAH.

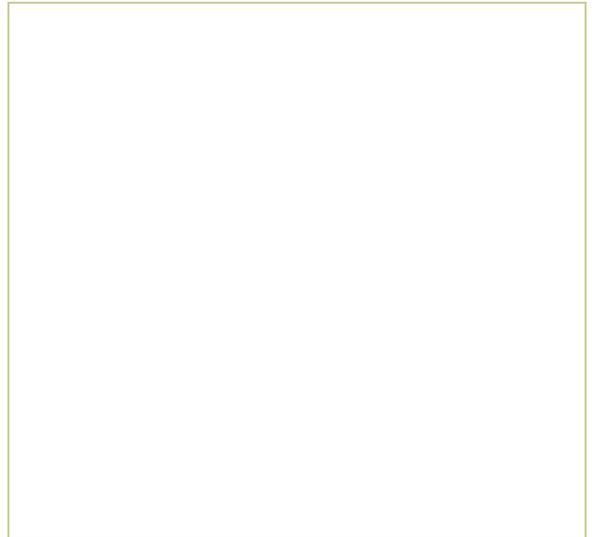


Photo. Village Square in Union Township includes 39 homes on 6,500+ square foot lots.

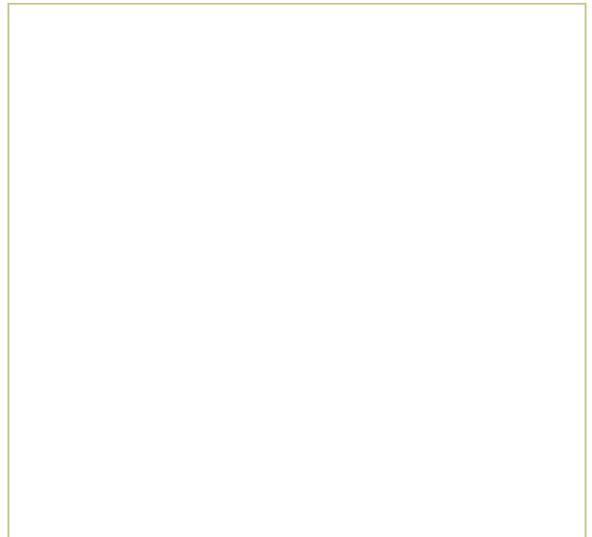


Photo. Village Square residents are served by an on-site sewage treatment plant.

County Profile—People and Housing

Affordable housing is defined as “low” and “moderate” income housing. This refers to units available to households whose incomes qualify as low (50% or less of median household income) or moderate (greater than 50% but less than 80% of median household income). Such incomes are established by COAH for various housing regions it has defined across the State. Hunterdon County falls within the Hunterdon-Somerset-Middlesex housing region. Within this region, median income for a four-person household in Hunterdon County is \$85,000 as of 2001. Therefore, moderate income ranges between \$42,500+ to \$68,000 for a four-person household. Anything less than that qualifies as low income. Often times, families may satisfy income eligibility requirements to partake in affordable housing opportunities. However, they may be unable to supply the required down payment to purchase a unit. The COAH program provides for both owned and rented units.

Photo. ECHO units—Elder Cottage Housing Opportunities—are temporary housing units designed for senior citizens or the disabled population. ECHO units can help address municipal affordable housing obligations.

Although municipalities are not obligated to participate in the affordable housing process, failure to do so leaves zoning ordinances vulnerable to legal challenges by developers. Just under half of the State’s 566 municipalities haven chosen to participate in the COAH program thus far. In Hunterdon County, 20 of its 26 municipalities have received or petitioned for approval (a process called “substantive certification”) from COAH for the approach they have proposed to address their affordable housing needs. Necessary background data, justification for any adjustments to total need, and strategies for fulfilling need are contained in a housing element of the master plan and a “fair share plan” that municipalities prepare and submit to COAH for certification.

The formula that COAH uses to calculate need is complex and takes into account numerous variables. These variables include both economic and land use factors such as household income, nonresidential ratable valuation and undeveloped lands. The State Plan Policy map is another criterion used to calculate need. In Planning Areas 4 and 5, undeveloped land is not considered in calculating affordable housing need. In Planning Area 3, half of all undeveloped land is considered. In Planning Areas 1 and 2, undeveloped land is considered in its entirety.

COAH has calculated a statewide need of 118,202 units of low and moderate income housing. Hunterdon County’s share of that need is 2,346 units. Of this total, 615 units represent existing substandard units that will be rehabilitated. The balance of 1,771 units must be addressed through new construction.

To date, 1,532 units are zoned for, built, under review or under construction in Hunterdon County (Table 5). Also included in this total are 485 units represented by “regional contribution agreements” or RCA’s. Municipalities may transfer up to 50% of their affordable

Status	No. of Units
No activity (zoning in place but no development plans are under review)	142
Development plans submitted	186
Development approvals granted	134
Project is under construction	25
Project is complete (certificates of occupancy issued)	987
Units completed before 1986	58

Table 5 - Affordable Housing in Hunterdon County—Current Construction Status (2001)

Data source: COAH

Note: Table reflects new construction only. Affordable housing addressed through rehabilitation of substandard units are not indicated here.

County Profile—People and Housing

housing obligation via RCA's to willing communities within their housing region. This is accomplished through a voluntary contractual arrangement. Of the 485 RCA's, all but 20 were transferred outside of Hunterdon County. Lambertville received the balance from four different townships.

In addition to RCA's, COAH has sanctioned a variety of techniques by which municipalities can address their housing obligations. Approaches such as the creation of accessory apartments, municipal sponsorship of affordable housing construction, group homes, construction through partnerships with nonprofit organizations, among others, are used within Hunterdon County.

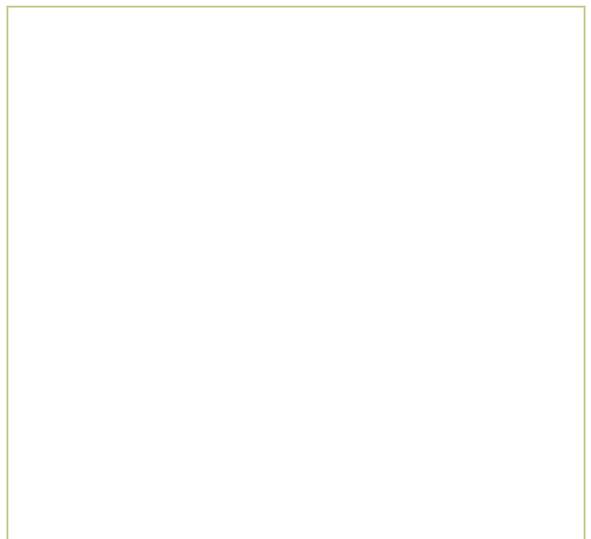
Of the numerous techniques available, inclusionary development is one that does not cost the municipality any money up front. Inclusionary developments result from zoning that provides for high density residential development (usually six units per acre) on designated sites, with a 20% set aside of affordable housing units.

While the cost of constructing inclusionary developments rests with the developer, the magnitude of these developments can have significant long term ramifications to municipalities. In some cases, hundreds of units are constructed within a single development. The most obvious impacts of these large developments include infrastructure and public service costs (e.g. school costs, road maintenance, emergency services, etc), traffic generation, consumption of open space, and loss of community character. These impacts are often felt not only in the communities that host the development but in adjacent communities as well. As a result, it is frequently viewed as the least desirable means of satisfying affordable housing obligations. Nonetheless, several such developments have been constructed in the County, primarily in communities along the I-78 corridor and in the greater Flemington area. Several others are presently under development review.

The Hunterdon County Housing Corporation (HCHC) was created by the Hunterdon County Board of Chosen Freeholders and incorporated as a nonprofit organization in 1992. HCHC works with municipalities and independently to help facilitate the construction and management of affordable housing opportunities. HCHC maintains an affordable housing guide, which lists available affordable housing units in the County. This includes Section 8 federally subsidized housing, affordable housing built within inclusionary developments, and select senior citizen affordable housing and group homes. In addition, it identifies municipalities that permit affordable accessory apartments as well as temporary senior citizen modular cottages (Elder Cottage Housing Opportunities).



Photo



Photo

County Profile—People and Housing

Anticipating Future Housing Needs

If current trends continue, housing affordability will likely be an ongoing challenge to many segments of the population, despite housing built through State's affordable housing program. But other housing needs and demands can be anticipated as well. This is largely a function of the age structure of current and future anticipated County residents. The largest age cohorts with the strongest influence on the housing market will be the Baby Boom generation and the Baby Boom Echo generation.

Baby Boom Housing Demand

Those comprising the Baby Boom generation fueled the surge in big home construction over the last decade. During the 1990s, the Baby Boomers ranged in age from 26 to 54. Many were leaving the first-home market, raising families and trading up to large single family homes. Now their children are growing up, with many entering or finishing college. Household size is declining as a result. Furthermore, Baby Boomers are aging. But they are also a very wealthy segment of the population. All of these factors will influence future housing demand by this age cohort. And future housing demand will likely be quite broad. Many may choose to remain in large homes on large lots. Others may wish to relinquish the maintenance demands that large properties bring. Consequently, some will move to townhouses or condominiums, while others may choose larger single family homes on small lots. The desire to live in or near towns with access to cultural amenities will likely influence housing demand as well.

Baby Boom Echo Housing Demand

The children of the Baby Boom population are now beginning to enter the first-home market, fueling demand for rental housing as well as condominiums and townhouses. This will likely continue through 2020. However, between 2010 and 2020, the older segment of the Baby Boom Echo cohort will begin to trade up.

Baby Bust Housing Demand

Unlike the Baby Boom and Baby Boom Echo cohorts, the Baby Bust generation—those born between 1965 and 1976—is a very small group. When the Baby Boomers moved out of their condominiums and townhouses in the 1990s, they were replaced by the Baby Bust cohort. Because of its small size, the Baby Bust group caused a shrinkage in the multi-family housing market. Similarly, as the Baby Bust generation moves into its trade-up years, this will probably cause some softening of the larger single-family home market.